



**Board of Education - Finance Committee Meeting  
District Office (Viti Building)  
445 Sheridan Rd.  
Highwood, IL 60040**

**Thursday, October 10, 2024 6:30 PM**

**Agenda**

**Mission Statement**

*The mission of North Shore School District 112, a community partnership committed to a world-class education, is to nurture every child to become an inspired learner, a well-rounded individual and contributing member of a global community by striving for excellence within an environment that fosters innovation, respect, engagement and intellectual inquiry*

***Note: The location of the meeting is at the District Office/Lower Level (Viti Building)***

1. Call to Order/Roll Call (6:30 p.m.)
2. Pledge of Allegiance
3. Approval of Agenda
4. Discussion
  - a. 5-Year Financial Projections
  - b. Presentation of 2024 Tentative Tax Levy Recommendation
  - c. Future Revenue Needs
  - d. Argument for Partial Tax Abatement
5. Public Comments
6. Other
7. Adjournment

# 5-Year Fiscal Projections



**Finance Committee Meeting  
October 10, 2024**

# 5-Year Fiscal Projections - Background

- NSSD 112 has...
  - Utilized prior years' actual data
  - Imported the current Board-approved 2024-2025 Budget
  - Adjusted some current year revenue/expenditure line items as new information becomes available
  - Estimated future year revenues and expenditures for 5 additional fiscal years



# 5-Year Fiscal Projections - Background

- The forthcoming projections are conservative in nature, meaning...
  - Revenues are estimated on the low side.
  - Expenditures are estimated on the high side.



# Critical Assumptions: Revenues

- CPI-U (Consumer Price Index for all Urban consumers)
  - Used for tax levy limitation calculations (assumed maximum levies)
  - 3.4% for TY 2024
  - 2.3% for TY 2025
  - 2.0% for TY 2026 - 2029



# New Construction - Historical & One Year Estimated



# Critical Assumptions: Revenues

- Evidence-Based Funding/State Funding
  - Held flat in all years
- Interest Income
  - Reduced 20% next year, then increased by 2% annually
- Other Revenue
  - Increased most lines by 2% per year
- Federal Revenue
  - Increased 2.0% per year



# Critical Assumptions: Revenues

- Bond Revenue
  - \$58.1 MM this year added to the Capital Projects Fund
- Bond Interest
  - \$1.4 MM this year; \$1.0 MM in FY26, \$0.5 MM in FY27



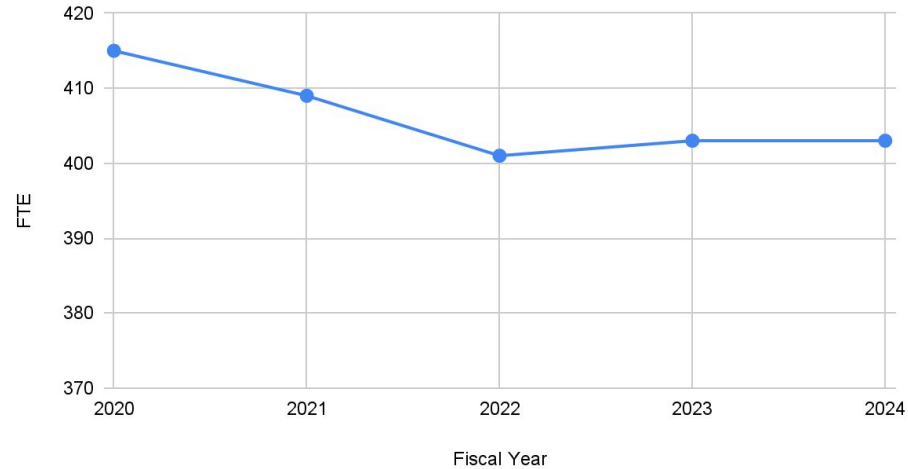
# Critical Assumptions: Expenditures

- Teacher Staffing
  - Increased 1.2 FTE per year to account for enrollment increases
- Support Staff
  - Held Constant
- Administrative Staff
  - Increased 1.0 FTE in next fiscal year

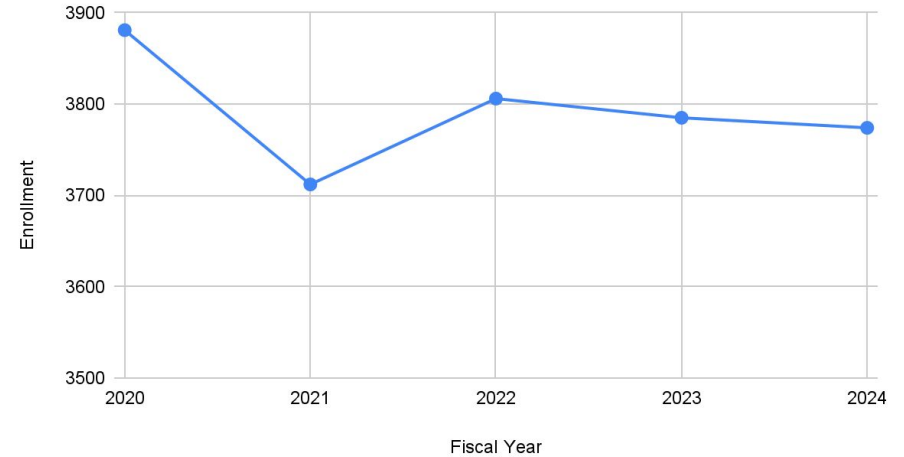


# Critical Assumptions: Expenditures

Instructional FTE by Fiscal Year



Enrollment by Fiscal Year



# Critical Assumptions: Expenditures

- Payroll
  - Teachers - estimated for contractual increases
  - Support Staff - estimated for contractual increases
  - Administration - 5% next year; 4% thereafter



# Critical Assumptions: Expenditures

- Benefits
  - Health Insurance - 8.0% increases per year
  - Dental Insurance - 5.0% increases for trend
- Other Expenditures
  - 2.3% increase in FY26
  - 2.0% increase thereafter



# Critical Assumptions: Expenditures

- The base model includes:
  - \$1.5 million for a curriculum adoption in FY27 & FY29.
  - \$3.8 million per year in capital costs (this includes the iPad lease) from Operating Funds.
    - \$3.8 million is average spend for last 10 years



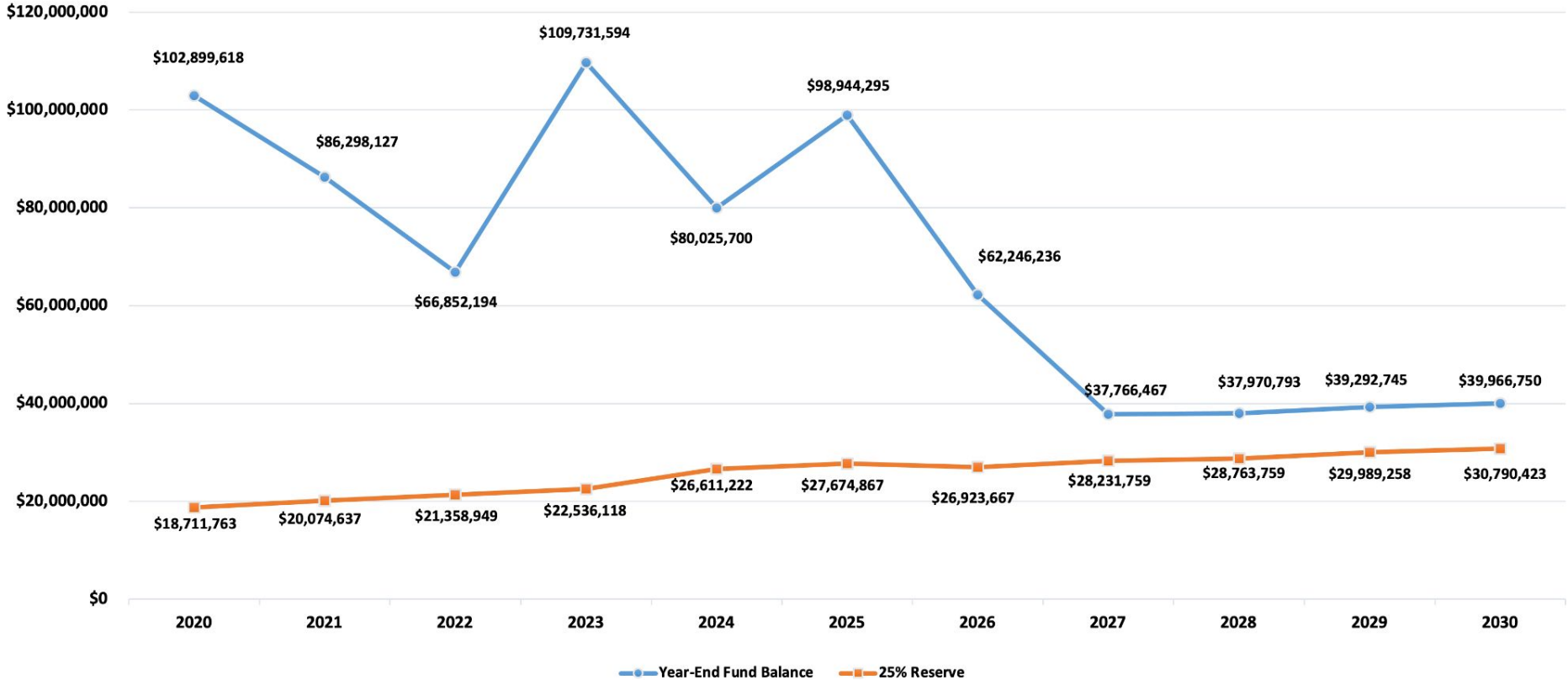
# Critical Assumptions: Expenditures

- This financial projection includes all spending for Phase 2. Any overages in costs come from the Educational Fund.



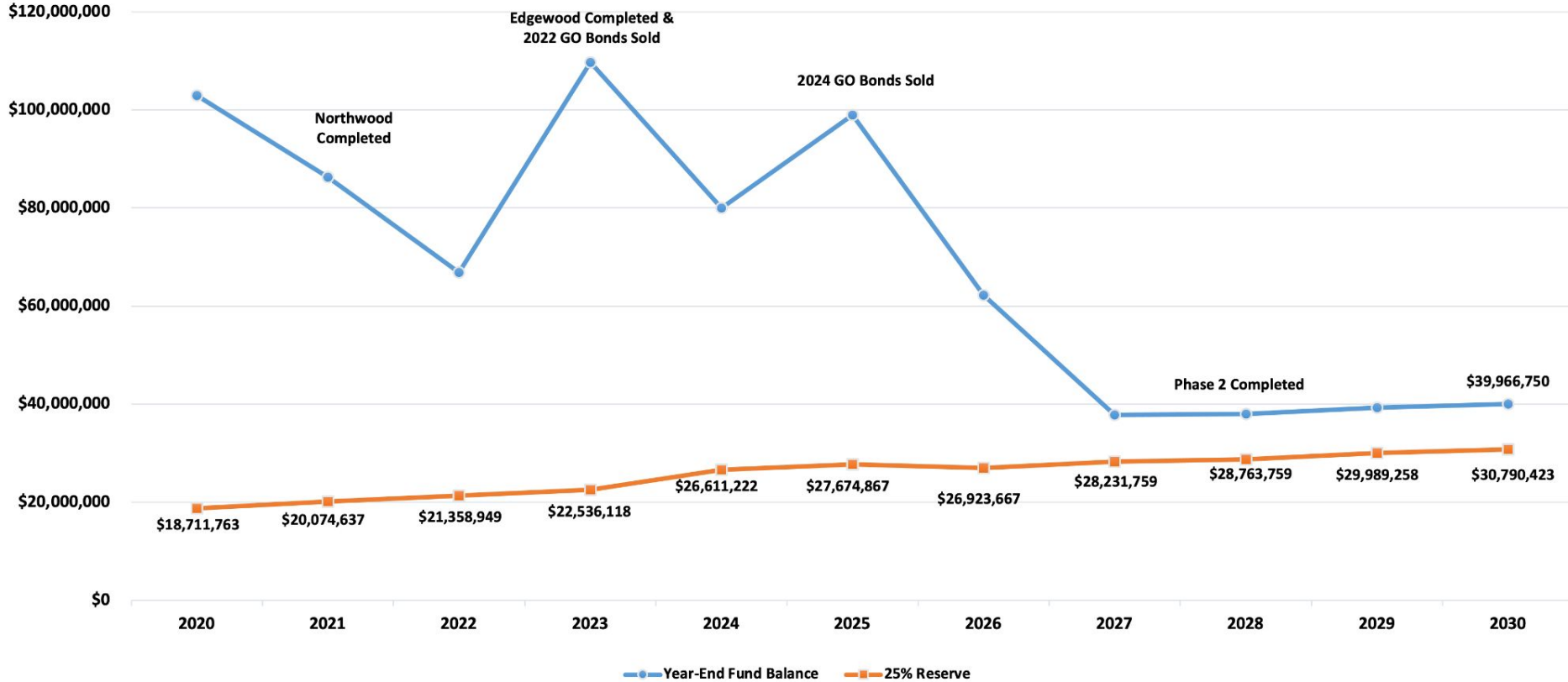
# Base Model - All Funds

## Fund Balance



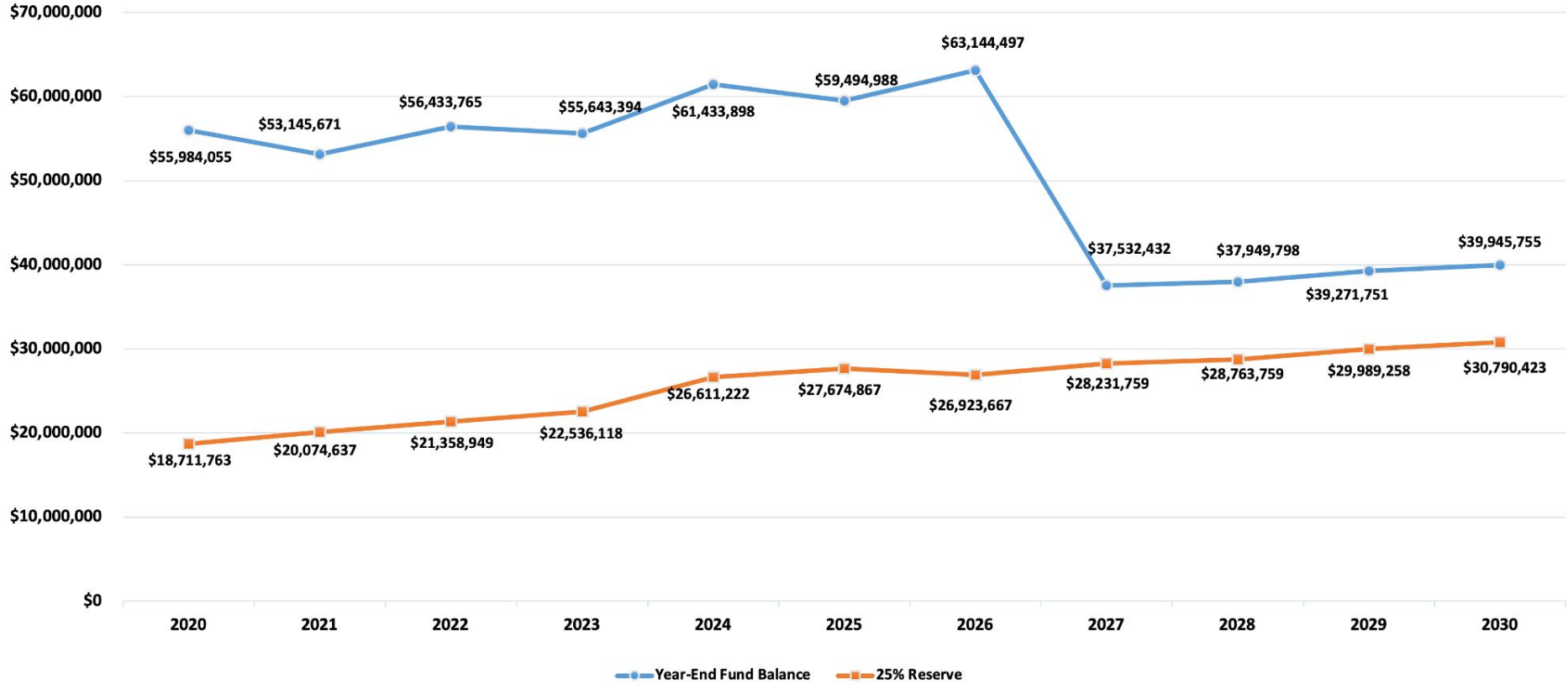
# Base Model - All Funds

## Fund Balance



# Base Model - All Funds Except Capital Projects

## Fund Balance



# ANY QUESTIONS?



# 2024 Property Tax Levy Presentation



**October 10, 2024**  
**Finance Committee Meeting**



# Tax Levy Information

What is the difference between a tax levy and a tax extension?

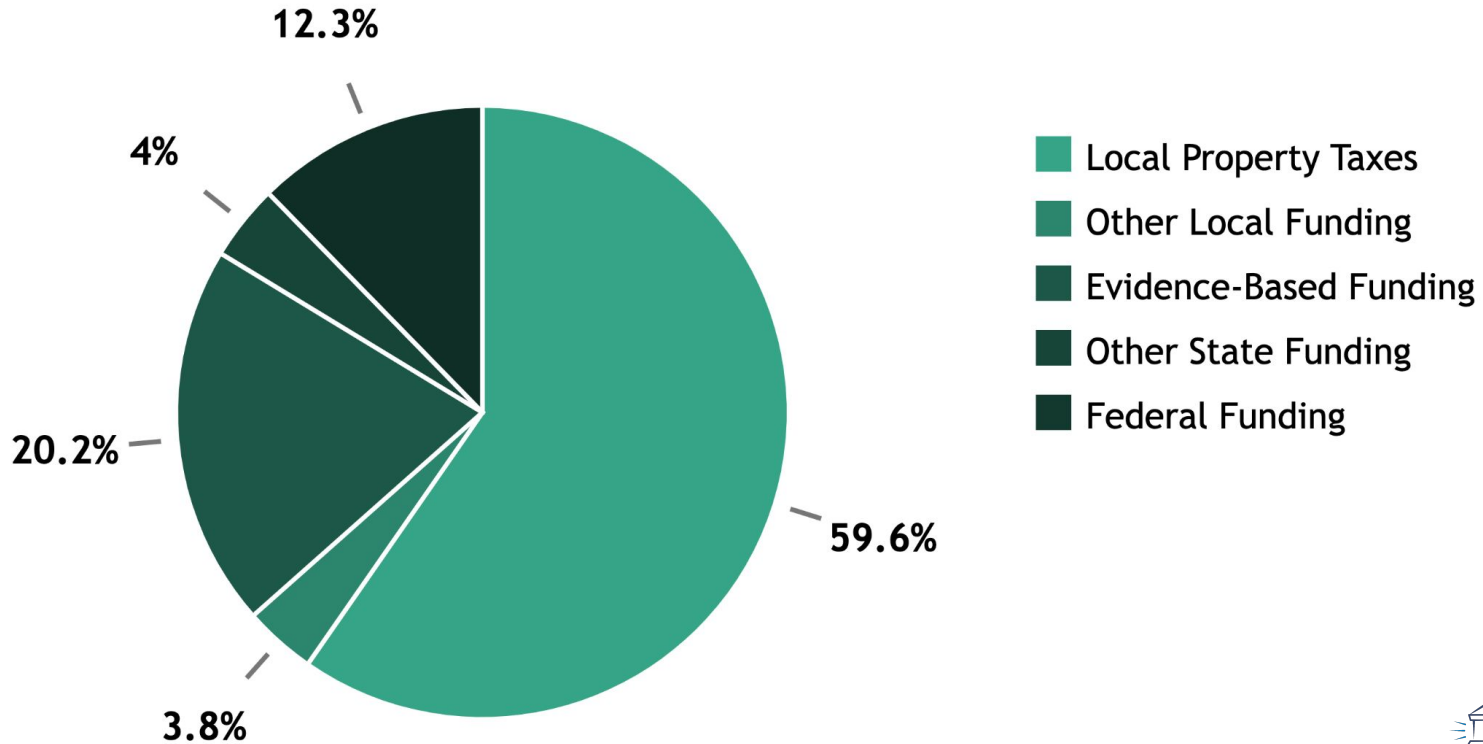
- A tax levy is the amount of money a school district requests to be raised from property taxes. A tax extension is the amount of money that a school district receives from property taxes.

Why are a tax levy and tax extension important?

- Most Illinois school district revenue comes from local property taxes.
- For tax-capped school districts, each tax extension is limited by its prior year tax extension plus inflation (CPI-U) or 5%, whichever is less.



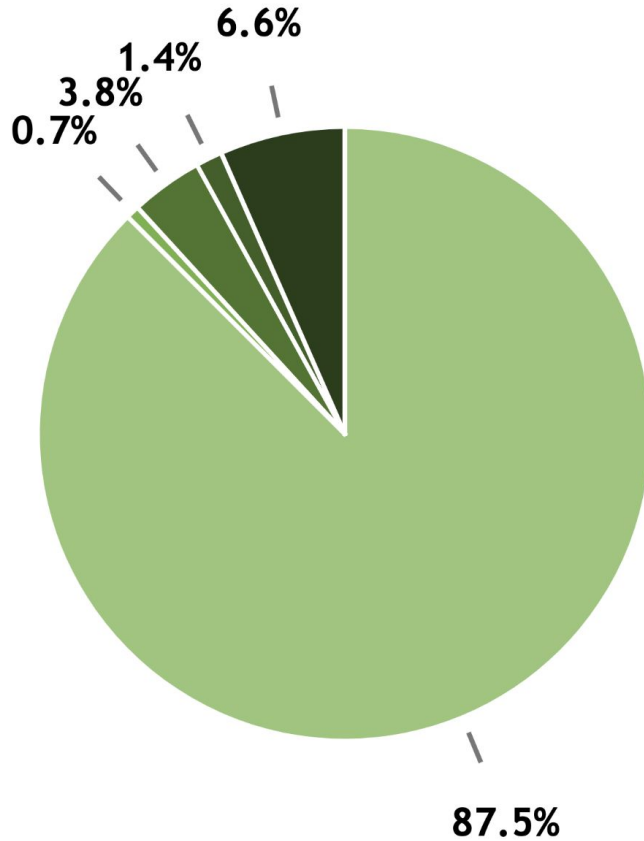
## Illinois School District Averages - Revenue Percentages (FY 2022)



Source: [Illinois School District Report Card](#)



## District Financial Information - Revenue Percentages (FY 2022)



**\$88 M**

- Local Property Taxes
- Other Local Funding
- Evidence-Based Funding
- Other State Funding
- Federal Funding

Source: [Illinois School District Report Card](#)



# Tax Levy Information

What is the Property Tax Extension Limitation Law (PTELL)?

- Each tax extension is limited by the prior year's tax extension multiplied by the December Consumer Price Index for all Urban Consumers (CPI-U) or 5%, whichever is less, for the preceding calendar year. PTELL is also known as a "tax cap."

Does new property count against the tax cap?

- No, new property is added to the tax rolls after the "limiting rate" is calculated. Thus, new property provides additional revenue in excess of the tax cap.



# Public Act 102-0895

The District funds its Alternate Revenue Bond payments (approximately \$3.9 million per year) from its Operations & Maintenance Fund.

## North Shore School District 112 Summary of Cash & Investments August 31, 2024

	Cash & Investments August 31, 2024	% of Total	Cash & Investments July 31, 2024	Monthly Change in Cash & Investments	Cash & Investments August 31, 2023	% of Total	Annual Change in Cash & Investments
<b>10 Education</b>	\$ 78,291,392.37	62%	\$ 80,005,336.85	\$ (1,713,944.48)	\$ 72,960,303.32	48%	\$ 5,331,089.05
<b>20 Operations and Maintenance</b>	\$ 9,955,976.15	8%	\$ 10,499,053.92	\$ (543,077.77)	\$ 8,668,427.03	6%	\$ 1,287,549.12
<b>30 Debt Service</b>	\$ 8,747,737.56	7%	\$ 4,567,838.76	\$ 4,179,898.80	\$ 4,403,861.47	3%	\$ 4,343,876.09
<b>40 Transportation</b>	\$ 3,687,394.41	3%	\$ 5,012,425.75	\$ (1,325,031.34)	\$ 3,779,440.15	2%	\$ (92,045.74)
<b>50 Municipal Retirement</b>	\$ 3,758,205.85	3%	\$ 3,777,637.30	\$ (19,431.45)	\$ 4,047,232.93	3%	\$ (289,027.08)
<b>60 Capital Projects</b>	\$ 16,240,273.31	13%	\$ 19,103,588.22	\$ (2,863,314.91)	\$ 54,297,908.91	36%	\$ (38,057,635.60)
<b>70 Working Cash</b>	\$ 5,626,301.47	4%	\$ 5,604,913.06	\$ 21,388.41	\$ 3,350,483.48	2%	\$ 2,275,817.99
<b>Total District Funds</b>	<b>\$ 126,307,281.12</b>	<b>100%</b>	<b>\$ 128,570,793.86</b>	<b>\$ (2,263,512.74)</b>	<b>\$ 151,507,657.29</b>	<b>100%</b>	<b>\$ (25,200,376.17)</b>
<b>99 Student Activity</b>	\$ 234,741.27	0%	\$ 230,099.06	\$ 4,642.21	\$ 218,463.04	0%	\$ 16,278.23
<b>Total All Funds</b>	<b>\$ 126,542,022.39</b>	<b>100%</b>	<b>\$ 128,800,892.92</b>	<b>\$ (2,258,870.53)</b>	<b>\$ 151,726,120.33</b>	<b>100%</b>	<b>\$ (25,184,097.94)</b>

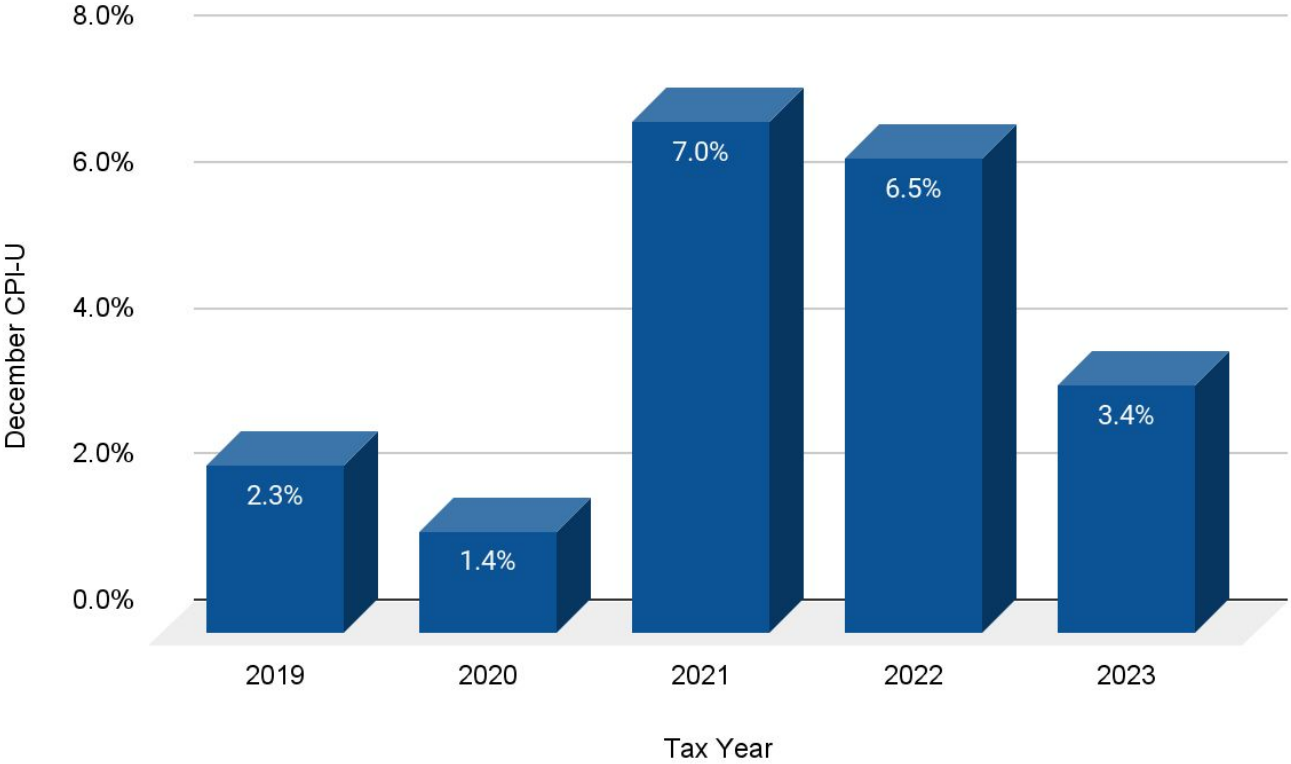
\*\*Please note that the District is reporting cash and investments on a cost basis.

# Public Act 103-0394

Fund	Prior 3-Years' Average Expenditures	Current Assets per AFR	Current Assets as a Percentage of Annual Spending
Education	\$68,164,221	\$127,138,525	1.87
Operations & Maintenance	\$11,267,629	\$17,401,405	1.54
Transportation	\$5,219,660	\$6,843,044	1.31
<b>Grand Totals</b>	<b>\$84,651,511</b>	<b>\$151,382,974</b>	<b>1.79</b>

Must be less than 2.5 times 

# CPI - Historical



# Levy Process Flow

CPI 3.4%  
December 2023



Levy Hearing  
Fall 2024



Fiscal Year  
July 2025 –  
June 2026



Receipts  
May - September  
2025



#112LEADS

# E31112: NORTH SHORE SCHOOL DISTRICT #112

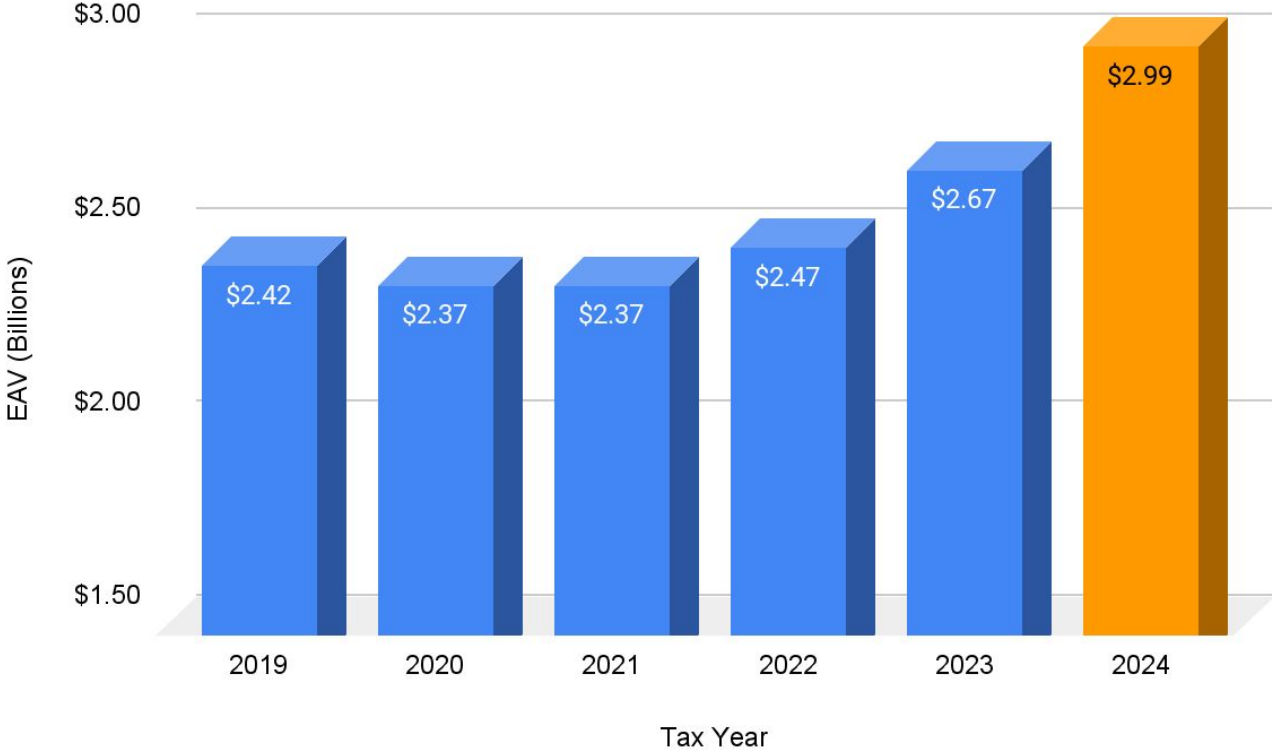
Tax Year: 2024

Parcel Count: 14,024

Assessed Value (AV):		3,148,668,398
Homestead Impv Exmpt:	-	3,976,811
Disabled Vet Homestead Exmpt:	-	0
Pre-State Multiplier AV:		3,144,691,587
State Multiplier:	x	100%
Post-State Multiplier AV:		3,144,691,587
Farm AV:	+	3,864
Pollution Control AV:	+	0
Railroad AV:	+	4,316,744
General Homestead Exmpt:	-	73,744,000
Senior Homestead Exmpt:	-	24,131,323
Senior Freeze Exmpt:	-	550,499
Returning Vet Exmpt:	-	0
Disabled Vet Standard Exmpt:	-	6,957,274
Disabled Person Exmpt:	-	56,000
Natural Disaster Exmpt:	-	0
EAV incl. <150 AV PINs:		3,043,573,099
EAV w/out <150 AV PINs:		3,043,568,107
TIF Increment:	-	52,013,623
<b>District Taxable EAV (incl. new const.):</b>		<b>2,991,554,484</b>
New Const. incl. in TIF Increment:		0
<b>New Const. incl. in District Taxable EAV:</b>		<b>21,567,147</b>



# D112 EAV - Historical & One Year Estimated



# New Property - Historical & One Year Estimated



# Levy Comparison

## Prior Year, Current Request, & Anticipated Extension

Fund	Actual Prior Year Extension	Recommended Levy Request	Levy Request % Increase	Est. Current Year Extension	\$ Change from Prior Year	% Change from Prior Year
Education	\$69,406,081	\$72,777,100	4.86%	\$72,287,030	\$2,880,949	4.15%
Operations & Maintenance	\$12,149,544	\$12,739,600	4.86%	\$12,653,854	\$504,310	4.15%
Transportation	\$3,681,981	\$3,860,800	4.86%	\$3,834,815	\$152,834	4.15%
Working Cash	\$210,412	\$220,600	4.84%	\$219,146	\$8,734	4.15%
Special Education	\$799,539	\$838,400	4.86%	\$832,726	\$33,188	4.15%
<b>Subtotal Capped Funds</b>	<b>\$86,247,557</b>	<b>\$90,436,500</b>	<b>4.86%</b>	<b>\$89,827,571</b>	<b>\$3,580,015</b>	<b>4.15%</b>
Prior Year Recapture	\$656,699	N/A	N/A	\$656,699	\$0	0.00%
Referendum Debt Service	\$8,228,428	N/A	N/A	\$8,228,428	\$0	0.00%
<b>Total Levy/Extension</b>	<b>\$95,132,683</b>	<b>\$90,436,500</b>	<b>N/A</b>	<b>\$98,712,698</b>	<b>\$3,580,015</b>	<b>3.76%</b>

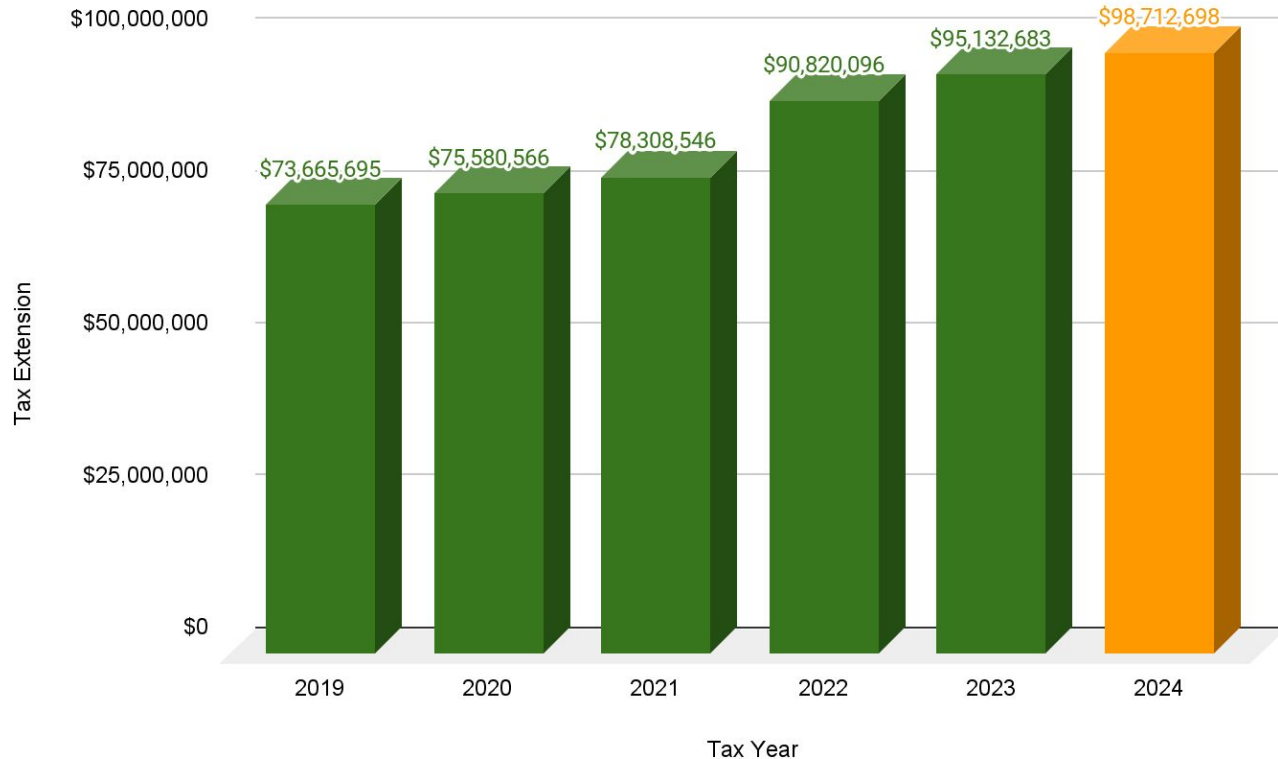
# Tax Levy Information

$$\text{Tax Rate} = \frac{\text{Tax Extension}}{\text{EAV}}$$

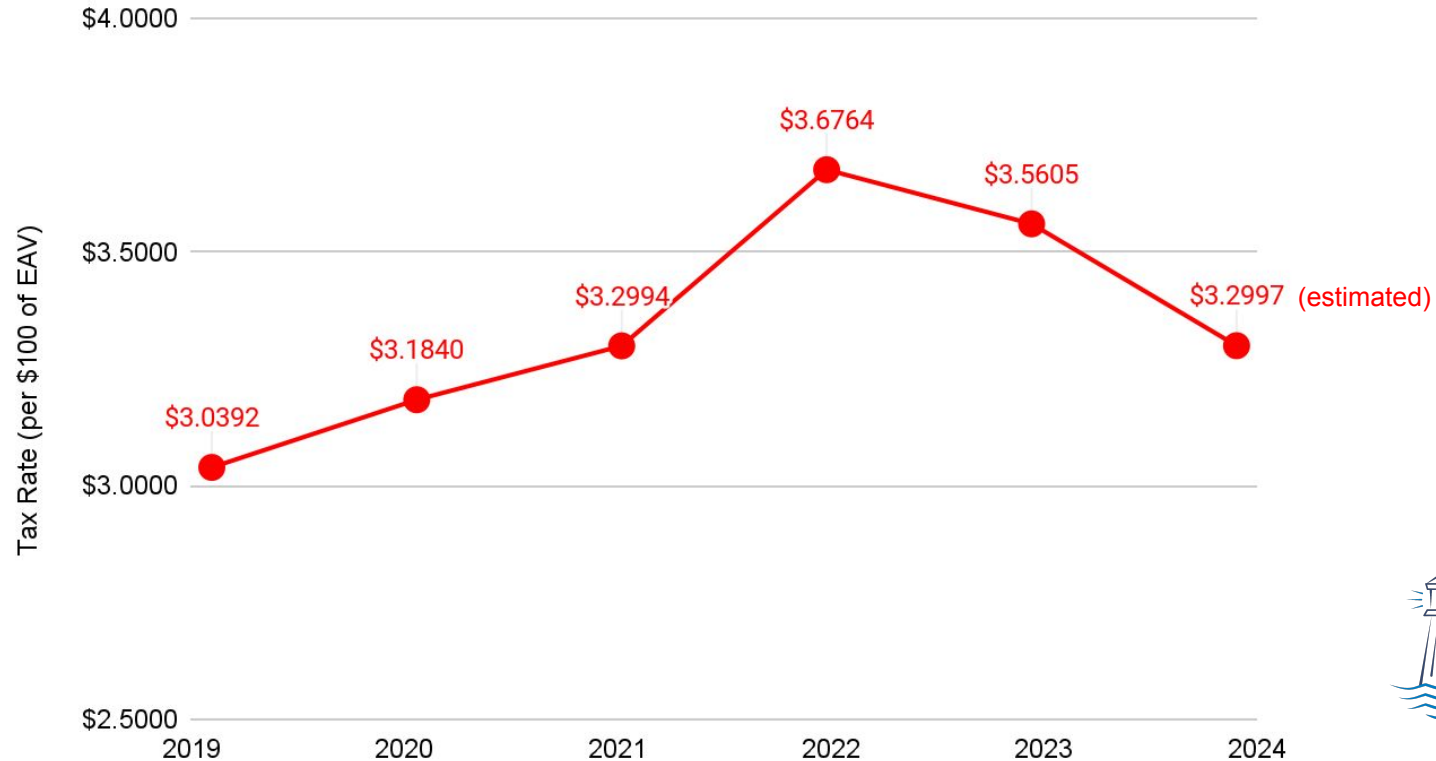
EAV = Equalized Assessed Valuation (D112 property values)



# Tax Extension - Historical & One Year Estimated



# Tax Rate - Historical & One Year Estimated



# Why is NSSD 112 Requesting an Increased Levy?

- District 112 has approximately \$84.5 million to bid out for Phase 2 (3 more schools and middle school kitchens).
- Inflation (CPI-U) is was 3.4% over the 2023 calendar year. This levy will help the District keep up with inflation. The District has maintained its educational programming, so more money is needed to operate our programs, given our contractual raises.



# Increasing Costs & Other Considerations

- Contracts/Costs increasing at 3.4% or more:
  - NSEA (Certified) Employment Contract (5.6%)
  - NSSSA (Classified) Employment Contract (5.4%)
  - First Student Transportation (3.4%)
  - ABM Custodial Services (7.9%)
  - Property/Casualty Insurance (4.1%)
  - Worker's Compensation (21.3%)
- Other Considerations:
  - NSSD 112 has \$111.5 million in expenditures left for Phase 2 (more on this later in presentation)



# What does this mean for an individual taxpayer?

Fair Cash Value of House:	\$650,000
EAV of House (1/3 of Fair Cash Value):	\$216,667
2023 D112 Tax Rate:	\$3.5605 per \$100 of EAV
Estimated 2024 Increase:	3.40%
2023 D112 Taxes Paid:	(\$7,714.40)
Estimated 2024 D112 Taxes:	\$7,976.69
<b>Estimated 2024 Increase:</b>	<b>\$262.29*</b>



\*Estimated tax increase is \$21.86 per month for a \$650,000 house



# Levy Timeline

- Approve an estimated tax levy on October 22, 2024.
- Publish the required Truth in Taxation notice in The Highland Park News in November.
- Hold a public hearing and approve the 2024 final tax levy on November 19, 2024.
- File the 2024 adopted certificate of tax levy no later than the last Tuesday of December in 2024 (December 31st).



# Reserves & Future Proceeds

- Operating Funds reserves were \$61.4 million as of June 30, 2024.
- Capital Projects reserves were \$18.6 million as of June 30, 2024.
- Future bond proceeds were estimated at \$58.1 million.
- The sale of Green Bay was estimated at \$5.0 million.
- Thus the total amount of current reserves and future proceeds is estimated at \$143.1 million (no surpluses).



# Future Revenue Needs

- According to Gilbane cash flow projections, the District needs \$111.5 million over the next 4 fiscal years to complete Phase 2.

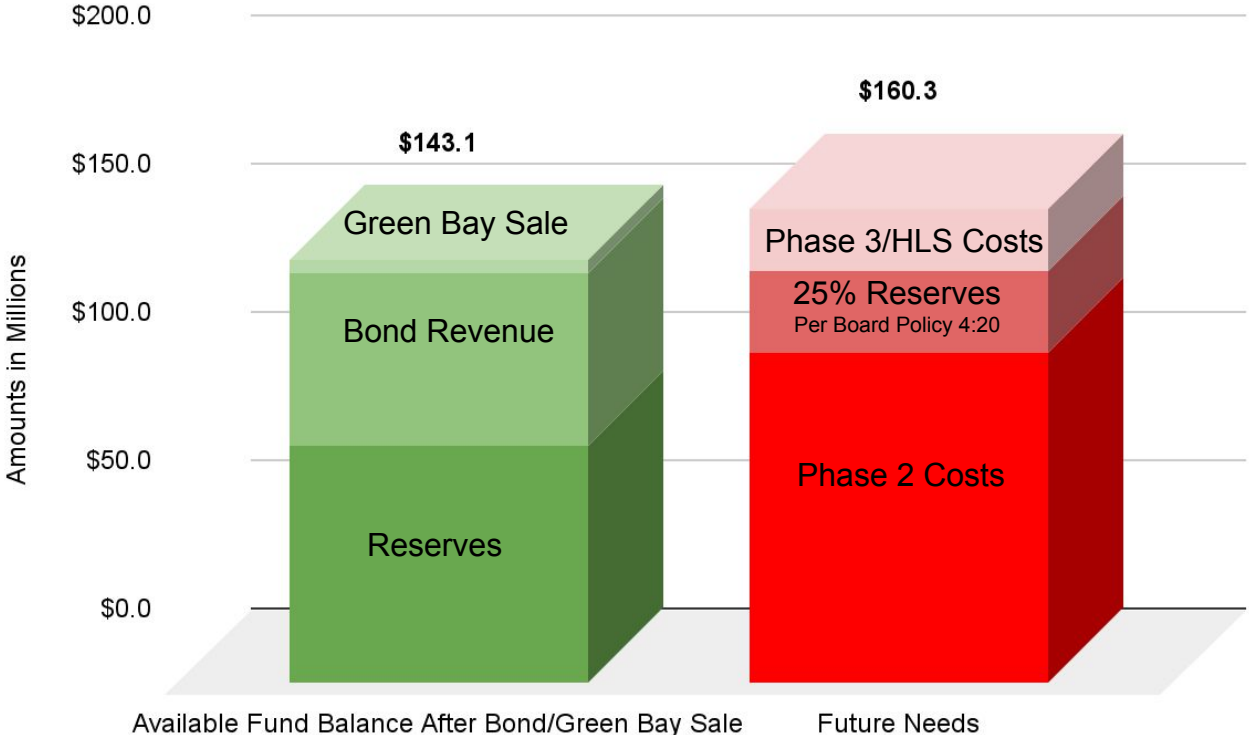


# Future Revenue Needs

- We also have fund balance minimums. We need to maintain a ratio of 25% according to our Fund Balance Policy.
- We also have Phase 3 and Health/Life Safety work. For the following chart, the value of \$21.1 million of costs for Phase 3/HLS was used.



# Reserves and Future Proceeds vs. Future Needs



# Key Takeaways

- Administration recommends taking the full tax levy allowable under the tax caps.
- NSSD 112's operating surpluses are necessary to be able to afford Phase 3 and maintain our 25% fund balance minimum.



# ANY QUESTIONS?

